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SUBJECT: TRINIDAD & TOBAGO ECONOMIC HIGHLIGHTS FOR MID-JULY THROUGH
MID-AUGUST 2008

The following were notable economic issues in Trinidad & Tobago during
the second half of July and first half of August.

- [1. Inflation reaches 11.7 % - a 14-year high](#)
- [2. S&P raises T&T's long-term currency credit rating to 'A'](#)
- [3. Hindu Credit Union's Assets frozen; investigation ensues](#)
- [4. 1,000 Dengue Cases, GOTT Insists "No Major Crisis"](#)
- [5. Security breached at Trinidad's Airport](#)
- [6. USTDA awards US\\$390,572 grant to the Airport Authority](#)
- [7. GOTT proposes US\\$2.5 billion highway project](#)
- [8. Denham Capital invests \\$8 million in Carisal facility](#)

[1. Inflation reaches 11.7 % - a 14-year high](#)

Headline inflation climbed to 11.7 percent (year-on-year) in July, up from 11.3 percent the previous month. Food prices continue to drive inflation, with food sub-indices ranging as high as 60 percent for bread and cereals, while core (non-food) inflation remains historically high at 6.2 percent. Although external factors explain much of the food inflation, the loss of local crops from severe seasonal flooding in recent days will add upward pressure on produce prices in the months ahead. The Central Bank opted not to increase interest rates in response to the July numbers, having raised rates and cash reserve requirements in late July and citing evidence that private sector credit growth is slowing. In recent months, GOTT ministers have dismissed Central Bank calls to slow the pace of project spending in response to rising inflation, arguing that this would only slow T&T's progress toward achieving developed country status by 2020.

[2. S&P raises T&T's long-term currency credit rating to 'A'](#)

Standard and Poor's (S&P) raised T&T's long-term foreign currency sovereign credit rating from 'A-' to 'A', citing continuous and strong fiscal and external balances supplemented by a booming energy sector as the primary reasons for the upgrade. More specifically, S&P noted T&T's improving debt profile and the performance of several public-sector enterprises, including Petrotrin, National Gas Company, and Caribbean Airlines. T&T's ratings are constrained, however, by the slow pace of economic diversification, a high non-energy deficit (15% of GDP in 2008), underperforming public-sector enterprises, such as the Water and Sewage Authority (WASA), and a lack of transparency and governance, particularly within public-sector enterprises.

[3. Hindu Credit Union's assets frozen; investigation ensues](#)

On July 23, Justice Nolan Bereaux froze the assets of the Hindu Credit Union and appointed a provisional liquidator for the organization's assets. Ernst and Young was appointed to assess the value of the firm's assets. According to GOTT officials, the judge's ruling was supported by HCU's board members. The government's action comes three years after credit union members started demanding that HCU return their deposits. An investigation by the Commissioner of Co-operative Development revealed a number of irregularities in HCU's operations.

In addition, HCU has been involved in legal proceedings over an outstanding debt to the Export-Import Bank of the United States for US\$4.2 million.

14. 1,000 Dengue Cases, GOTT Insists "No Major Crisis"

Despite a number of recent cases and two confirmed dengue-related deaths, the Chief Medical Officer (CMO) at the Ministry of Health insists "there is no major crisis" in Trinidad and Tobago. Sensational media reports insist, however, that T&T is experiencing an outbreak and question the Ministry of Health's ability to address it. The CMO confirmed that there have been close to 1,000 reported cases of dengue this year, primarily type-3, but explained that dengue fever is cyclical, with upsurges occurring every 6 years. The last upsurge was in 2002 when at a comparable point in the year, there were 2,000 reported cases. Knowing that T&T would experience an upsurge in dengue cases this year, the GOTT intensified its vector control programs and launched a public awareness campaign. It has called for a nationwide clean-up aimed at eradicating the mosquito threat. Lack of funding, however, has hindered participation. At least one member of the Embassy community has contracted dengue.

15. Security breached at Trinidad's Airport

The Airports Authority of Trinidad and Tobago reported that security at Piarco International Airport was momentarily breached on July 27th. An unauthorized man jumped a fence and proceeded to board a parked American Airlines aircraft via a flight ramp. The aircraft was bound for Miami International Airport. Ramp attendants spotted the man as he boarded the plane and notified security. Airport security removed the shoeless man, a psychiatric outpatient, from the plane and placed him

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under arrest.

16. USTDA awards US\$390,572 grant to the Airport Authority

On Monday July 28th, USTDA awarded a US\$390,572 grant to the Airport Authority of Trinidad and Tobago (AATT) to formulate a strategic development plan for the creation of aircraft maintenance and air cargo facilities at the Piarco International Airport (PIA). The development of an aviation service center at PIA will enable the AATT to accommodate the anticipated continued growth in air cargo volume and diversify economic activity at the airport. It also will assist the AATT in achieving its goal of making Piarco a regional maintenance/cargo hub.

17. GOTT proposes US\$2.5 billion highway project

Minister of State in the Ministry of Works and Transport, Roger Joseph, announced that the GOTT plans to undertake a 5-year, TT\$15.4 billion (US\$2.5 billion) National Highways Program. Scheduled to begin this year, the highway project includes plans for six major highways and will represent the largest capital development project in T&T's history. The Ministry anticipates opening the project up to international bidders during the procurement stage. The project is expected to introduce a toll system to Trinidad to support road maintenance. Earlier this year, 3M America expressed interest in the highway project, hoping to supply GOTT with the technology to support the toll system as well as a road surveillance system.

18. Denham Capital invests \$8 million in CariSal facility

U.S. venture capital firm Denham Capital announced that it will invest up to TT\$50 million (US\$8 million) in T&T-based CariSal Investment Holdings Limited, a leading manufacturer of ice-melt products. Denham Capital's financing will enable CariSal to complete the construction of its calcium chloride/caustic soda complex in Point Lisas, Trinidad. The facility, which will be the largest dry calcium plant in the Western Hemisphere, is expected to be operational by 2010. CariSal has already signed an agreement to provide caustic soda to Alcoa. With this investment, Denham Capital becomes the majority owner of CariSal. Earlier this year, Denham Capital provided financing to EthylChem to build a one billion gallon-per-year fuel grade ethanol dehydration plant in Point-a-Pierre.

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